

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

SPECIAL MEETING

MINUTES OF Friday, June 7, 2013 MEETING

Board Members Present: Mayor Scott Avedisian, Chairperson; Michael Lewis; Stephen Durkee; Jerome Williams; Maureen Martin; Anna Liebenow and Peter Ginaitt

Absent: Margaret Holland Duff

Also Present: Raymond Studley, CEO; Wayne Hannon, Resource Team; Todd Gleason, Outside Counsel; Marie DiToro; and other members of RIPTA's staff and the Resource Team and members of the public whose names are on the sign-in sheet.

Agenda Item 1: Monthly Reporting Format

Mayor Avedisian calls the meeting to order and asks Mr. Hannon to begin with item number one on the Agenda, Monthly Reporting Format. Mr. Hannon wants the Board to know that the numbers on these reports are not accurate. These reports have been printed for format purposes only. Mr. Hannon explains one of the purposes of this meeting is to be certain that the reports presented to the Board are in fact what the Members would like to see and to receive any feedback from the Board Members on the format of these reports.

The first handout Mr. Hannon would like to go over is in the Board Packet titled RIPTA Expense Summary Through April 30, 2013. He plans on showing you the numbers for the current fiscal year and the new fiscal year once we have it in place with the different aspects of each of the Departments. This report identifies the revised FY 13 Budget, sum of all expenditures through whatever period of time (and in this report it is April 30, 2013) and then the sum of the Budget through April 30 and the deficient or surplus depending on which way the numbers go. He believes this is a good way to show this because it gives you the ability to see the bottom line of the entire Authority and the ability to see within department down to the expenditure classification as to where we are in the Budget. At the expenditure classification level there are going to be a lot of fluctuation both positives and negatives which is normal when projecting the financial position of the authority , but within the departments the authority should be able to identify surplus and deficits estimates that could be drilled down to the expenditure classification if necessary. This is what the report is intended for. Mr. Hannon states it is up to the Board if you want this detail or keep it the way it currently is.

Mayor Avedisian really likes the format. He thinks it is great to see the detail of each department. Each division we can see the FICA, Unemployment, sick time etc thinks this is really helpful in the long-term instead of amalgamated into a bigger pot of money.

Director Lewis agrees and will defer to Mr. Williams on format and content, however he cautions the Board members to not get so close to the details and micromanage what each of these numbers represent.

Mr. Williams agrees with Director Lewis and likes the format. He asks that where there are major variances, if a column could be put in on the right that had some notes with a brief explanation then that could prevent having to ask the question, why. He defers to Wayne on what constitutes a major variance. The other suggestion Mr. William has is a summary report that still has a projection for year end. He states that Mr. Hannon does have this report now and would like to continue to see it. Mr. Hannon explains that report will still be processed. Mr. Hannon agrees a comment column on the major variances is a great idea. He also states in response to Director Lewis that from an informational standpoint if the Board wanted to know where RIPTA stood with each department they would have that information at their finger tips.

Director Lewis agrees with Mr. Hannon, but would just like to reiterate to the other Board members to caution that they do not get too focused on the details that they lose sight of the big picture. Mr. Studley asks the Board if it would be better to show this detailed report on a quarterly basis instead of monthly basis and the Board members agree with this.

Mr. Durkee states that as a straight format issue it would be easier if there were big categories and then under that have sub categories. Mr. Hannon states there a couple of ways we can do this. The summary can have a complete department total or better yet have the major categories summarized under each department. Mr. Hannon will make this change. Mr. Durkee thinks this is great and provides a lot of good information.

Ms. Martin was seeking clarification on how often will they be seeing this new report. Mr. Hannon states if he understands correctly, that the summary will continue to be done monthly and the detailed report will be distributed quarterly. We build the detail every month anyhow so at any time the Board wants to see the detailed report it would be easy to do.

Agenda Item 2: Operating Budget Format

Mr. Hannon moves on to the Operating Budget Reports. He asks the Board Members to pull out of their packet has the yellow and blue color coding on it, and reminds them that these reports are for format purposes only. He explains they tried to identify what a

personnel supplement would look like as part of the budget submission going forward and have mirrored what the state does currently. Mr. Hannon explained they took each department identified what FTE belong to that department, identified salary for each of those positions, also identified the benefits for those positions and include purchase services as part of this analysis as well. This document and the detail document that will be presented in a moment will tie in on the personnel side. There will be a summary of this as well that is not shown here. That will roll everything up by position and by the 826 FTE's. Each category will be on its own sheet of paper.

Mr. Williams asked Mr. Hannon if this would only be completed during Budget Review time. Mr. Hannon's response is that his goal would be to include this with the Budget for approval and then once approved is to send these documents to the State to be included as part of the budget book. He explains that this report could be run any time if the Board so chooses.

Mr. Williams thinks that is perfect. One thing he thinks that on a quarterly basis to look at the number of filled positions. Mr. Hannon states they can do this.

Mr. Hannon asked the Board to take out the report with the Blue Title at the top. One of the things they did in this report was to identify not just the categories of revenue, but also the different types of those categories so that they can get a better feel of trends and then include this with the Budget Submission and begin to track it. Currently, they submit revenue numbers for certain categories, but within those categories there are different areas that make up those numbers and it may be important to take a look at those areas.

Mayor Avedisian asked if Mr. Hannon if they would be able to plug in monthly numbers into these categories and Mr. Hannon response he believes they can, but the only problem would be timing. We may be a month behind in reporting because pulling all that information together may not be completed by the next Board Meeting.

Mayor Avedisian states that the difficulty is, when they see this is where the budget is at there's nowhere that shows a reimbursement is still pending from DHS and that would account for this discrepancy and that the budget is at 82% of where it initially was thought to be at. Mr. Hannon states that is the goal, whether they do that monthly or quarterly hasn't been determined. It is a little more information to see where the problem and good areas are.

Mr. Ginaitt asks Mr. Hannon how they capture any grant revenues that may come in relative to transportation. Mr. Hannon responds there are a couple of items that show up in the report that are clearly federal revenue and others are not so clear. Mr. Hannon states they can define those better.

The Board Members agree that this is important and a good idea to break this out. Mayor Avedisian thinks all these things are important and the more information they have the better off they will be.

Mr. Hannon goes through the last report. This report would be how they submit the Budget to the Board. It breaks it down further instead of seeing the rolled up version.

The breakdown between Federal and RIPTA Funds will be clear as well in future reports.

Mr. Williams states that one thing that helps him looking at multi- year budgets is to have a small column inserted between the years with the percentage increase or decrease.

Mayor Avedisian asks if there are any other discussions on the Formatting of the Budget. Mr. Hannon states this would be a single document that comes to the Board. Once approved by the Board it would be submitted to the State. Mr. Hannon would also like to state that he would like to get the Budget done and approved at a regular scheduled monthly meeting, but if for some reason that is not a possibility there may be a request for a Special Meeting to approve.

Agenda Item 3: Capital Budget

Mr. Hannon states they reached out to the AGM's at the Authority and asked them what they felt the priority was for Capital Projects for the upcoming year. Mr. Hannon explained that Ms. Neira tried to identify all sources of funds for Capital and that is the document in front of you. Ms. Neira begins with on an annual basis they put together a five year plan. The first year translates into the Capital Budget and the remaining four years are part of the Capital Improvement Plan. The entire package is submitted to the State, but their main focus is the FY14 to look at the need for match requirement.

The Capital Improvement Plan is broken down into five major categories: Vehicles, Land and Buildings/Preventive Maintenance, Land Building and Transit Enhancements, Information Technology, and Planning Studies and System Development. Ms. Neira states that at the back of the packet is an excel spreadsheet that lists every project for FY 2014.

Director Lewis states as a format standpoint the total sum on the last page is great, but is there not a total sum on the five year plan or is just category by category. Ms. Neira states it is by category by category.

Ms. Neira begins to break down the detail of the report; in regards to the buses, we will be replacing 11 vehicles, combination of the 2001 O'Brien's and Trolley's. That money will be available through the revolving loan fund. This is money that RIPTA does not have to pay back the state. There is only funding till 2017 and at that point RIPTA will have to figure something else out for funding these vehicles. Mr. Durkee asked Mark Therrien in 2017 how old will be the oldest bus at that time and Mr. Therrien responds 2004. Ms. Liebenow confirmed that the 2004 buses will still be around in 2017 and Mr. Therrien explains that the engines and transmissions have been rebuilt in the 2004 Buses and RIPTA is trying to get 13-14 years on a bus by rebuilding the engines. Mr. Ginaitt asked if Ms. Neira has factored in the communication equipment getting tied into, it is very costly and people are not looking at sustainability of that. Ms. Neira states that they are currently installing new equipment on the all existing and new buses. Mr. Ginaitt asked for clarification on coming to the Board for approval on \$50,000, does that mean if someone puts in for \$45,000 it does not need a board approval? Mr. Hannon states that is \$50,000 per request. So, the answer is yes. He continues on to say that this has been a concern of the State's as well with State Agencies splitting purchase

orders over time. Mr. Ginaitt is concerned on where to go with the Board Approval of \$50,000, we do not want to see trends of money being spent and the Board doesn't know. Mr. Hannon states that he does not want to speak for the Board, but the reason for the price tag is because the Board only meets once a month so obviously it would be a problem from an operational standpoint. Mr. Hannon states that they can produce a report to give the Board once a month that identifies things that fall under the \$50,000. Director Lewis states that would be a fine suggestion. Once again it is finding that balance between giving the CEO authority to run the department and the Board with oversight responsibilities.

Mr. Williams asked Mr. Hannon if the controls that were put in upon Mr. Hannon's arrival at RIPTA are still in place and Mr. Hannon stated yes they are. He continues on to explain for non-capital items anything that comes through system there has to be an electronic requisition form completed and must go through approval process and part of that process is the person who initiated the request must justify reason for expense and the critical need for the expense. All of these go to Mr. Hannon for approval or not approval if he doesn't see fit. Capital requests have several signatures needed for approval. In many cases both Mr. Studley and Mr. Hannon have to sign off on it.

Ms. Liebenow asked if there was any indication of when the Paratransit contract would be getting signed and Mr. Hannon explained that the review process has been completed and it is sitting with Secretary Constitino for review before it goes to final selection. The last time Mr. Hannon spoke to OHHS which was Wednesday there was no indication as to whether it would be days or weeks. He believes it is a lot closer than it was weeks ago. It is not a great answer, but it is all Mr. Hannon has at this time. Mr. Studley adds that process will take a long time so RIPTA will still be involved and potential for us to pick up that work. OHHS realize the importance of this to RIPTA and have weekly conference calls with them.

Mr. Durkee addressed Mr. Therrien on the subject of bus shelters. Mr. Therrien states the line item Mr. Durkee is referring to are bus shelters on the R-Line. Mr. Durkee believes that the more shelters we can provide the better our service is to the Rider.

Ms. Liebenow notices that the cameras on the bus write up states it is for the driver safety and she believes it should be written up for both the driver and rider safety. She will approve the Capital Budget as is, but would prefer to have the wording for next year to reference security for both. Mr. Hannon state that is something they can do.

Mr. Williams has two more questions, the first is on page three, and supervisor vehicles planned for hybrid-electric, how large are these vehicles? Mr. Hannon states these are regular SUV's. Mr. Hannon wants to add to this, he reached out to DOA, they have money specific for hybrid-vehicles, may be able to get ARRA money for this.

Ms. Liebenow asked are these vehicles wheelchair accessible? Mr. Therrien responds that these vehicles are replacing the Ford Explorers purchased before the vans that have lifts. RIPTA will still have the vans with the lifts in them.

Mr. William's second question is on page nine, ITS contract, is this a higher amount that was originally planned or was this we anticipated. Ms. Neira stated there have been very few changes to the contract so she believes this amount is what is remaining, but Mr. Hannon will email Mr. Williams an answer to his question.

Mayor Avedisian asked that if we had something allocated in FY 14 and it didn't happen would that be allocated in FY 15 then and Mr. Hannon answered yes.

Mayor Avedisian asked if there are any other questions or comments on the Capital Budget, if not would someone make a motion for approval. Mr. Durkee makes a motion to accept the Capital Budget as presented and Director Lewis seconded the motion and it was unanimously approved.

Agenda Item 4: RFP 13-36 Financial Audit

Mr. Hannon spoke with State Purchasing to find out what the shortest time frame was that a short bid could be done and it was seven days. Requests were sent to a total of 31 firms. We gave them seven days and only two new responses came in. Mayor Avedisian asked if Braver responded and Mr. Hannon responded no.

The two firms were Bacon and Company and LGC&D, LLP. As stated in the break down both firms did very well, but a slight advantage to Bacon and their responsiveness. Mr. Hannon is looking for Board Approval today to move forward with Bacon. Mayor Avedisian thinks very highly of Bacon and Mr. Williams asked if there were any concerns on the timing of the Audit and Mr. Hannon responded no, he believes it is back on schedule.

Director Lewis makes a motion to approve to award of the contract to Bacon and Company and Ms. Martin seconds the motion, and it was passed unanimously.

Agenda Item 5: Adjournment

Mayor Scott Avedisian asked for a motion to adjourn the meeting. Mr. Ginaitt made the motion which was seconded by Director Lewis. The motion was unanimously approved and the meeting was adjourned.

Respectfully submitted,

Marie DiToro
Recording Secretary